

competition, and the free market. And industry self-regulation and normal police agencies will protect against fraud.

The securities industry is not problem-free, of course, and never will be. But it will function better without the Big Problem, Washington, D.C., in charge of it.

Cancel the Postal Monopoly

Llewellyn H. Rockwell, Jr.

In the 18th century, as he had for millennia, the urban peddler went from door to door with a sack on his back. When we see this antique method of economic organization, not in a museum setting at Colonial Williamsburg but daily on the streets of every city and town in America, we know the government is in charge.

The Post Office has been a federal agency since 1775. And since 1872 it has been illegal for anyone but government employees to deliver a letter. In that year, at Post Office behest, Congress outlawed the low-priced, fast delivery of the Pony Express. It was to be the last express service available to regular mail customers.

A few years ago, a Rochester, New York, teenager offered his neighbors same-day bicycle delivery at 10¢ each for Christmas cards in his subdivision. Soon Postal Inspectors—who seem to be the only fastmoving part of the “service”—arrived at his house and threatened to arrest and jail him unless he stopped.

Somehow, even from just a common-sense viewpoint, this doesn’t look like something that should be illegal. But indeed he was violating two parts of the postal laws. He was delivering first class mail—which is a federal monopoly—and he was leaving his mail in mailboxes.

By law, all "mail receiving devices" belong to the Postal Service and can be used only by it. That is, the mailbox which you buy and install on your property belongs to the U.S. government. (Note: it belongs to the government in the sense that your silverware belongs to the burglar who just took it at the point of a gun. Property can be owned only by those who acquire it honestly and voluntarily through production or trade.)

The penalty this teenager faced was a \$500 fine and six months in jail for each count of the potential indictment, i.e. for each letter delivered. This is from the same government that thinks nothing of freeing murderers and rapists after "rehabilitating" them for a year or two. But then the government has always taken "crimes" against itself far more seriously than actual crimes against the people.

With the government in charge, the bureaucratized service keeps getting worse. It takes longer and longer for mail to arrive. And the Post Office long ago abolished twice-a-day delivery and is working on ending door-to-door delivery as well. Most big offices have the mail dumped in a pile at their front door; postal workers used to sort and distribute it. Then there's the "cluster box" system for residential areas, where rows of boxes are placed far away from homes in a place convenient for the postal workers.

Typical of government, as the service declines, the price of stamps keeps going up, from 22¢ to 25¢ most recently. That makes a total increase of 675% since 1958, more than twice as fast as the general price level, which has gone up 300% (thanks to another government monopoly, the Federal Reserve). In addition, the Post Office gets billions a year in direct subsidies.

Where does all this money go? Mostly to the bureaucrats themselves. The postal system spends 84% of its budget on its 746,000 employees, 100,000 of them added during the austere years of the Reagan administration.

The average postal employee—who is an unskilled worker by private sector standards—earns \$30,000 a year in wages and perks. And a GAO study found that this same average worker takes 50 days of paid leave a year (vacation, “sick” time, holidays, etc.). That’s 10 weeks of repose, although considering the pace of work in the Post Office, it may be hard to tell the difference.

There’s an old story about a UPS delivery man meeting a friend who worked for the Post Office during Christmas time. “How are you doing?” asked the government employee. “Just great!” said his UPS friend. “Business has never been better. Volume is way up. How about you?”

“Terrible,” said the postal employee. “There’s too much mail!”

In a government enterprise, customers are at best a nuisance. If the Post Office could get away with it, it would prefer no mail and no customers. That’s why, during lunch hour, only one window is open, and why the P.O. takes every opportunity to cut service. The recent abolition of Saturday window hours is only the latest example.

There is only one answer to the Post Office problem, and UPS and Federal Express show us the way: privatization, i.e. repealing the laws which give the Post Office a monopoly. However, real privatization means letting the free market decide, not contracting out to politically connected businesses as advocated by the President’s Commission on Privatization. Such a process leaves the bureaucrats in charge and is an invitation to political corruption.

We cannot know what kinds of communications services free-market entrepreneurs would provide for us. We can only know that they would be far more efficient than the present apparatus, that they would make use of new electronic and computer technology, and that they would be pro-consumer.

The Post Office charges that this would not work. It claims, for example, that rates would go up. Coming from

the biggest champion of higher rates, I find this unconvincing. But certainly the rate structure would change. There would be a whole array of alternatives available, varying in price according to distance, speed, handling, etc.

The Post Office says that we would no longer be able to mail a letter from Washington, D.C., to Hawaii for 25¢. But why should it cost the same amount to send a letter across town as across the continent? This is typical government pricing: one high price for everything, which a bureaucracy can administer much more easily than a rational rate schedule. It rightly costs more to ship freight or make a phone call over long distances, and postal service should be no different.

The Post Office also says that rural delivery would stop. That's nonsense, of course, but people in sparsely populated areas might have to pay more for some services, just as city dwellers have to pay more for fresh vegetables and firewood. The free market would reduce the difference to transportation costs, however, thanks to arbitrage and entrepreneurship, and there would be constant competition to make transportation cheaper. And UPS delivers 25% of its packages to rural routes and makes a profit at it.

The Post Office also claims that only the U.S. government can secure our privacy and guarantee access to the mails. But this is Newspeak. Government is the great invader of our privacy, mail and otherwise. In the 1970s, the CIA routinely opened mail. And the same thing is happening now to opponents of the administration's foreign policy. And the Post Office claims the right to search the mails for "contraband," a practice that would never occur to UPS or Federal Express.

As to freedom of access to the mail service, the Post Office frequently claims the right to decide what can be mailed. It's banned novels, refused to deliver National Health Federation booklets because they conflicted with the "weight of scientific opinion," and censored advertising.

Mail, says the Post Office, is a “natural monopoly.” But there is no such thing, only the natural tendency of people who want to live off the taxpayers through monopoly to claim there is. If any monopoly were actually natural, it wouldn’t need a government gun to enforce it.

The Post Office is a socialist organization. It is inconsistent with the American vision of liberty. It’s time to end socialized mail delivery and allow free-market competition.

Lies, Damned Lies, and Social Security

Patrick W. Watson

The feds may call “Social Security” a retirement program, but it’s actually an unsound, unfair, unworkable, and immoral system of wealth redistribution. It’s bankrupting America and destroying rather than creating financial security.

Franklin D. Roosevelt introduced Social Security in 1936. Congress, which as usual was only too happy to go along with executive violations of the Constitution, promised that Social Security would “provide safeguards against all of the hazards leading to destitution and dependency.” Instead of safeguarding against dependency, Social Security has increased it.

Like earthquakes which announce themselves with small tremors, the burden of Social Security was at first almost unnoticeable. In 1937, the tax rate was 1% on the first \$3,000 in earnings; the maximum was thus \$30 a year, to be matched by the employer.

In the post-war years Social Security grew as Congress and presidents added more benefits until the program be-